

Overview

This section analyses the three primary land uses in the City: commercial, industrial/business, and residential. The spatial distribution of these uses within the City and their physical character were reviewed as a part of the analysis of the existing land uses. (See Figure 2.4 in Section 2 for citywide land use and spatial distribution information) A market analysis was conducted to assess the potential support for new commercial, industrial/business, and residential development in Gary. The market study builds upon the existing land use analysis and assesses the competitive position of the City in relation to the regional market to evaluate opportunities for future growth and to provide further guidance to the Comprehensive Plan.

Commercial

The primary commercial districts within Gary include the Downtown, Broadway Avenue south of Downtown, and sections of Fifth Avenue, Grant Street, Ridge Road, U.S. 20, and Lake Street. These areas have a wide variety of retail/commercial uses and draw consumers from surrounding neighborhoods and beyond. Older neighborhoods within the City also have a few corner stores or shops in mixed-use buildings along secondary arterial corridors or at intersections of secondary arterial streets. These smaller pockets of retail typically serve a convenience function to the immediate neighborhood and form the secondary retail corridors/nodes. The spatial distribution of commercial uses in these districts in Gary is shown in Figure 9.1.

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Primary Commercial Districts

As shown in Table 9.1, the six primary districts within the City have 905 storefronts representing approximately 3,463,179 square feet of retail space and approximately 44,059 linear feet of retail frontage.

Figures 9.2-9.7 present the spatial distribution of commercial uses along these districts. Brief descriptions of existing land uses within the areas are provided below.

Table 9.1: Profile of Retail Uses in Primary Commercial Districts

Corridor	Number of Stores	% Vacant Stores	Ground Floor Area (sf)	% Vacant Area (sf)	Linear Frontage (ft)	% of Vacant Frontage
Downtown (Broadway and Fifth Avenues)	192	44%	620,891	47%	4,113	51%
Broadway Commercial District - South of Downtown	346	50%	512,797	34%	16,749	36%
Fifth Avenue Commercial District	53	32%	250,897	52%	2,361	46%
Grant Street Commercial District	95	17%	797,852	18%	6,929	18%
Lake Commercial District	52	23%	112,499	26%	1,707	30%
U.S. 20 Commercial District	90	21%	722,254	35%	6,593	30%
Ridge Road Commercial District	77	21%	445,989	16%	5,607	23%
TOTAL	905	37%	3,463,179	31%	44,059	32%

Source: S. B. Friedman & Company

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Downtown

The traditional Downtown of Gary begins at Fourth and Broadway Avenues and extends for several blocks to the south along Broadway and east-west along Fifth Avenue. Broadway Avenue in Downtown serves as a gateway into the City from the north through the interchange with the Indiana Toll Road the South Shore Line commuter rail station. Downtown was once the hub of retail activity in the City with department stores, movie theaters, and several retail stores located along the corridor. However, the nationwide trend of suburbanization affected Gary, and some of its largest Downtown retailers such as JC Penney and Sears moved to suburban Merrillville, while others went out of business entirely.

Currently, there is approximately 620,891 square feet of commercial space in 192 storefronts in Downtown. Over 47 percent of the floor space and almost 44 percent of the storefronts are vacant. The strongest existing commercial uses along Broadway Avenue include the Chase Bank at Fifth and Broadway, restaurants (such as Popkorn Shoppe, Eat Your Heart Out, and KFC), professional office buildings, Millender office supply, and convenience stores such as Save-More. Additionally, there is an emerging restaurant cluster along Fifth Avenue near the U.S. Steel Yard Baseball Stadium. The existing Bennigan's is the franchise's largest restaurant in the country, and two new restaurants, Kenny's Ribs and Dustie's Restaurant, have opened across the street.

Several institutional and entertainment uses are located within Downtown and currently serve as major activity generators. The twin civic buildings at Fourth Avenue and Broadway house the City Hall and the Lake County Superior Court. With a total leasable area of over 60,000 square feet and a theatre-style seating capacity of nearly 10,000 seats, the Genesis Convention Center located at Fifth and Broadway is the largest facility of its kind in Northwest Indiana. It has a main arena space that hosts the Gary Steelheads, a professional basketball team that plays in the International Basketball League, as well as several banquet/conference rooms to host meetings, conferences, and other events. The Genesis Center has plans to expand its calendar of events to encompass a wide range of sporting events at professional, college, and prep levels, including wrestling and boxing in addition to basketball. The U.S. Steel Yard stadium, which is the new home of the SouthShore RailCats baseball team, is another significant destination within Downtown. It ranks as one of the top minor league ballparks in the country. Other institutional uses include the Hudson Campbell Fitness and Sports Center and the Indiana Department of Family and Social Services.

Several redevelopment initiatives are planned for Downtown. These include the renovation of the former Sheraton Hotel, the adaptive reuse of the Dalton and Modern Apartments at the southeast corner of Fifth Avenue and Massachusetts Street, and new rental townhomes and apartments near Fifth Avenue. These new development initiatives are creating momentum for the further development and revitalization of Downtown Gary. The excellent roadway and transit access, the presence of strong institutional and entertainment anchors, the newly developing and planned residential uses, and the availability of redevelopable, vacant property indicate significant development potential for Downtown Gary.

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Broadway Avenue South of Downtown

The Broadway Avenue commercial corridor extends from Downtown Gary to Merrillville. Retail, mixed-use, service, and institutional uses, or lots where these uses formerly were located, dominate nearly the entire length of the street. Just south of Downtown, Broadway Avenue passes through the Midtown neighborhood, which extends south to I-80. The Broadway Avenue corridor in the Midtown neighborhood has approximately 512,797 square feet of ground floor space and 16,749 feet of linear footage in 346 storefronts. The Post Tribune offices, the Ace Hardware shopping center, and restaurants such as White Castle and Woo-Woo's Barbeque anchor the relatively healthy stretch of commercial uses between Ninth Avenue and East 20th Place. Farther south between East 20th Place and I-80 there are a higher number of vacant storefronts and vacant lots.

South of I-80, Broadway Avenue contains approximately 900,000 square feet of ground floor commercial space. Over 35 percent of this space is currently vacant. The occupied commercial space includes financial services such as banks, insurance agencies, and currency exchanges, professional services such as doctors, dentists, accountants, and lawyers, and convenience-oriented service uses such as hair and nail salons. The corridor does not have strong clusters of retail, although there are sections that show greater activity. The most vibrant sections of Broadway south of I-80 are near Indiana University, at Ridge Road, and towards the south near Merrillville between 48th and 53rd Avenues.

Fifth Avenue

The Fifth Avenue Corridor extends from Downtown to the Tri-City Plaza shopping center located at the Clark Street intersection. As previously discussed, Fifth Avenue, within the confines of Downtown, is an emerging hub of entertainment and restaurant uses. West of Downtown, commercial uses are not evenly distributed along the corridor. There is a greater concentration of commercial uses up to Grant Street and at the Clark Street intersection where the Tri-City Plaza is located. In between these commercial areas, multi-family residential uses are predominant.

The 166,000-square-foot Tri-City Plaza Shopping Center is a major commercial anchor for the corridor and surrounding neighborhoods. Its key tenants include a Walgreens, a dollar/variety store, and Simply Fashions, an apparel and accessories store. A former grocery store space in the shopping center is vacant. West of Downtown up to Grant Street, there are approximately 250,897 square feet of ground floor retail space and approximately 53 store fronts. These include convenience stores, fast food restaurants, medical offices, and auto services. Approximately 52 percent of the ground floor commercial space is currently vacant.

Lake Street

The Lake Street commercial district is located in the Miller neighborhood, which is the most affluent area in Gary. The district is laid out in a walkable "Main Street" character. It consists of small-scale, independent retail shops, restaurants (such as The Baker's House, JJs, and Miller

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Pizza), the Lake Street Art Gallery, professional service uses, and banks. In addition, this area is served by a branch library, a post office, and the nearby South Shore Line commuter rail station.

Although Lake Street has an overall healthy commercial base, it has a number of empty or underutilized storefronts and vacant lots. These provide redevelopment opportunities to expand the commercial base. Streetscaping could also be improved to enhance the appearance of the commercial district.

U.S. 20

The U.S. 20 commercial district is located immediately south of the Lake Street commercial district. West of Lake Street, U.S. 20 primarily consists of auto-oriented retail serving the local area. There are service stations, personal service establishments, and sit-down and fast food restaurants. In addition, there are a number of vacant buildings, including a former bowling alley and a motel.

East of Lake Street, development along U.S. 20 is dominated by large-scale industrial, commercial, and institutional uses, mostly set back from the road with large parking lots. Commercial uses in this section include a new, expanded Walgreens, fast food restaurants, service stations, and a Dodge auto dealership. The eastern end of the corridor has a number of adult businesses. A former Kmart Shopping Center is partly occupied by an electronics recycling business with the remaining portion of the shopping center vacant.

Overall, the U.S. 20 commercial district has approximately 722,254 square feet of commercial space and 52 percent of it is currently vacant. In the eastern end of the corridor, many of the vacant structures are deteriorated. Additionally, the commercial centers generally have very large parking lots with minimal landscaping. Though the current appearance and character of the district pose challenges, the vacant/underutilized properties present opportunities for new development to take place.

Grant Street

Grant Street is the strongest retail district in Gary. It has the highest ground-floor retail area and lower vacancy levels relative to most other corridors in the city. “The Village,” one of the largest shopping centers in the City, is located here. The 300,000-square-foot shopping center contains various national chains including RadioShack, AJ Wright, Foot Locker, Anna’s Linens, Rainbow Apparel, DOTS, and Payless Shoes. While the center has a vacancy in excess of 25 percent, the majority of the vacant space (52,000 square feet) is attributable to space formerly occupied by US Factory Outlets.

Grant Street also has excellent highway access because of the presence of a full interchange at I-80/I-94. The City has worked with the state to rehabilitate the parkway and sidewalks along Grant Street to improve the overall image of the area. South of I-80/I-94, Grant Street is an auto-oriented regional commercial area. In addition to The Village, Grant Street south of I-80/I-94 contains an Aldi Grocery Store, restaurant and fast food franchises including McDonald’s, Subway, and Dunkin Donuts, professional offices, banks, and truck stops/service stations such

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as Steel City Truck Stop, Flying J Travel Plaza, and Shell Gas. A new strip retail center, M & M Plaza, is planned to be developed south of I-80 near the Aldi. Grant Street north of I-80/I-94 has experienced new development activity with the opening of the Save-A-Lot grocery store at 23rd and Grant and a Family Dollar and Walgreens at the northwest corner of the I-80/I-94 interchange. County Market – a full-service grocery store that opened in Fall 2006 at the northwest corner of the I-80/I-94 interchange – has since closed.

The regional transportation access and the existing cluster of commercial uses can be leveraged to further expand commercial development in the Grant Street District. Several redevelopment opportunities exist in the area; the former County Market site and vacant space in The Village offer prime locations for larger-scale retail development.

Ridge Road

Ridge Road, or U.S. Highway 6, is a four-lane arterial road that forms the southern boundary of the City between Colfax and Grant Streets. The corridor contains both small-scale, independent retailers and larger, more auto-oriented chain retailers. In the far west side of the corridor, the intersection of Colfax Street and Ridge Road is a major commercial node. Although much of the intersection lies in the Town of Griffith and Calumet Township, the northeast corner, which is in Gary, is occupied by a large shopping center anchored by Menard's and Pay Low grocery store. In addition, there are a number of small-scale retail, restaurant, and service uses on outlots. Additional commercial uses including garden and lawn supplies centers, banks and professional offices, and convenience-oriented service uses are located farther east on Ridge Road, interspersed with residential uses. Near the intersection of Ridge Road and Broadway in the University Park neighborhood, the corridor is dominated by neighborhood-oriented retail, mixed-use, office, and institutional uses such as churches and government buildings.

Secondary Commercial Districts

The secondary commercial districts in Gary are of a relatively smaller scale and serve a neighborhood/convenience function. They are either concentrated at intersections and extend for a few blocks or are stretched along arterial roads interspersed with non-commercial uses.

The secondary retail districts in Gary include:

- 25th Avenue from Broadway to Burr
- 11th Avenue from Chase to Grant
- 21st from Broadway to Martin Luther King Drive
- Fifth Avenue west of Tri-City Plaza to SR 912
- Fourth Avenue from I-90 to Bridge Street
- Burr Street from I-80/90 to 25th Avenue

Some of these secondary districts may need to be consolidated and rezoned for other use due to deteriorating conditions, land use conflicts, and overall relative market of the City.

Regional Retail Clusters

Major retail clusters in the regional market were analyzed to evaluate the competitive position of retail uses in Gary. Based on field reconnaissance and the National Research Bureau's Shopping Center Directory data, competitive shopping centers within Gary and the communities surrounding Gary were inventoried. The inventory outside of Gary was limited to free standing national retail chains and larger scale shopping centers in excess of 100,000 square feet because such centers would provide the most significant competition to retail uses within Gary.

Figure 9.8 and Table 9.2 display the overall commercial environment within Gary and surrounding communities. As shown in Figure 9.8, Gary is surrounded by large retail clusters in neighboring communities. To the west is Hammond with a big box cluster consisting of Wal-Mart, Home Depot, and a Food 4 Less grocery store. To the east is Portage with a big box cluster that includes a Wal-Mart Supercenter, Lowe's, and a Kmart. To the south, with over three million square feet of retailing space, Merrillville is the heart of the regional retail market and draws consumers from surrounding communities, including Gary. Westfield Southlake Mall, a 1.2 million-square-foot Super Regional Mall in Merrillville, is anchored by Carson Pirie Scott & Co, JC Penney, and Sears department stores. Additionally, the retail cluster in Merrillville has a large number of big box stores, including Meijer, Wal-Mart Supercenter, Target, Kmart, Home Depot, Best Buy, Circuit City, Value City, and Sam's Club.

Several national retailers and franchises such as Ace Hardware, Footlocker, Walgreens, and restaurant franchises such as Bennigan's and Ponderosa have a presence in Gary. However, Menards, located at the southwest corner of Gary, is the only big box national chain in the City. With the closing of County Market in 2006, Gary currently does not have a full-service grocery store. The local need for groceries and general merchandise is fulfilled in smaller scale food stores such as Save-A-Lot and Aldi. These store types typically do not provide the full range and choice of merchandise that are available in larger format national chains.

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Table 9.2: Competitive Supply of Retail centers over 100,000 Sq. Ft.

ID	Name	Location	Municipality	Type	Size (SF)	Anchors
1	Ridge Plaza	6050 W Ridge Rd	Gary	Community	197,600	Menard's, Pay Low
2	Tri-City Plaza	4491 W Fifth Ave	Gary	Community	166,000	Walgreens; Family Dollar; Simply Fashions
3	The Village	3596 Village Court	Gary	Regional	307,300	RadioShack; AJ Wright; Foot Locker; Anna's Linens; Rainbow;DOTS; Payless Shoes
Total Gary Retail					670,900	
4	Columbia Plaza	1233 165th St.	Hammond	Community	182,300	Family Dollar ; Menard's; State of Indiana
5	Hammond Mills Shopping Center	1828 165th st	Hammond	Community	360,000	Food 4 Less; Wal-Mart; Home Depot; Hollywood Video
6	Interstate Plaza	7925 Indianapolis Blvd	Hammond	Community		N/A
7	Woodmar Mall	6508 S Indianapolis Blvd	Hammond	Community	110,000	Carson Pirie Scott & Co.
8	Calumet Shopping Center	7953 Calumet Ave	Munster	Community	204,000	CVS; Dollar Junction; Hammond Clinic Target, Staples
9	The Crossroads Shopping Center	1555 US Hwy 41	Schererville	Community	253,400	Wal-Mart
10	Shops of Plum Creek	US 41 and Woodhollow I	Schererville	Community	154,000	N/A
11	Highland Grove Shopping	10353 Indianapolis Blvd	Highland	Regional	500,200	Jewel; Kohl's; Marshalls; Target; Famous Footwear; Office Max; petco; MC Sports
12	Highland Plaza	8341 Indianapolis Blvd	Highland	Community	147,000	Big Lots; World Gym
13	Griffith Park Plaza	219 W. Ridge Rd	Griffith	Community	261,300	Big Kmart; Payless
Total Retail in Communities West/Southwest of Gary					2,172,200	
14	Crossings at Hobart	2340 E. 80th Ave	Merrillville	Regional	492,800	Best Buy; Office Depot; Sam's; Value City; Wal-Mart
15	Crossroads Plaza	6110 Broadway Ave	Merrillville	Community	203,205	Ultra Foods; Walgreens
16	Unnamed Shopping Center	101 W Lincoln Hwy	Merrillville	Regional	275,000	Big K Mart
17	Unnamed Shopping Center	611 E 81st Ave	Merrillville	Regional	160,000	Meijer
18	Merrillville Plaza	1600 E 80th Ave	Merrillville	Community	277,084	JCPenney Home Store; Kids 'R' Us; Michaels; Office Max; TJ Maxx; Toys 'R' Us
19	Unnamed Shopping Center	2661 E 81st Ave	Merrillville	Regional	330,000	Target; Home Depot; Circuit City
20	Westfield Southlake	2109 Southlake Mall	Merrillville	Super Regional	1,286,300	AMC Theatres; Carson Pirie Scott & Co; JCPenney; Kohl's; L.S. Ayres; Sears
Total Merrillville Retail					3,024,389	
21	North Ridge Center	7844 E Ridge Rd	Hobart	Community	162,754	Strack & Van Til Market; Blockbuster
22	Save More Plaza	1605 E 37th Ave	Hobart	Community	145,000	Save More Food Mart; Walgreens; Goodyear Auto
23	Meadows Shopping Center	6000 Central Ave	Portage	Community	N/A	Big R; Box Office Video; Walgreens
24	Portage Commons	5960 US Hwy 6	Portage	Community	107,000	Big Lots; Walgreens
25	Unnamed Shopping Center	6087 US Hwy 6	Portage	Regional	615,000	Wal-Mart Supercenter; Lowe's; K Mart
Total Retail in Communities East/Southeast of Gary					1,029,754	
Total Major Retail Area in Market Area					6,897,243	

Source: 2005 Shopping Center Directory, S. B. Friedman & Company

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The spatial pattern of retail clusters in the broader regional market is such that consumers in Gary must travel outside the community to fulfill many of their shopping needs. There is therefore an opportunity to intercept these consumers by opening new retail stores in Gary. Vacant sites with good roadway access and visibility, such as the former County Market site, present opportunities for grocery, general merchandise, and other big box retailers to come into the Gary market.

Retail Market Potential

Retail Leakage Analysis

To analyze the demand potential for various retail store categories in the City of Gary, the estimated spending potential, store sales, and retail leakage for the City were reviewed. The spending potential for this area represents the buying power of consumers by specific retail category, while store sales represent the estimated sales for all stores within each category. The difference between these two variables is referred to as the “retail leakage.” A positive retail leakage for a particular store category indicates that more dollars are being spent by Gary residents outside of the City in this category than are being “imported” through expenditures by non-residents at Gary stores. Conversely, a negative retail leakage indicates that Gary retailers are capturing sales in the category that are greater than 100 percent of the total spending by City residents, thus suggesting additional traffic from shoppers not living in the area. Table 9.3 shows the estimated spending potential, store sales, and retail leakage within Gary in 2007.

As shown in Table 9.3, leakage of retail dollars from Gary is occurring in several retailing categories, including auto dealerships, furniture stores, electronics and appliance stores, grocery stores, department stores, music and book stores, stationary and gift shops, and full-service restaurants (both casual and dine-in restaurants). Retail leakage in a particular category is an indicator of unmet demand and therefore an opportunity to develop stores in that retailing category within the Gary. It should be noted, however, that market feasibility for larger retail formats such as grocery and general merchandise is also a function of site characteristics, the location requirements of specific retailers, the demographic profile, and the competitive environment beyond the area considered for the retail leakage analysis area (that is, the City of Gary).

The analysis of retail supply and retail leakage highlights the relative under-representation of large national retail chains in the City. Key challenges facing the City concerning its ability to attract national retailers are its relatively low household median income of \$32,915 and the fact that it is surrounded by communities such as Merrillville that have developed dominant retail clusters. However, the City has a population of nearly 100,000 people and has sites available along interstate/U.S. highway routes that have good access, visibility, and high traffic counts. While many of the national retailers have income requirements that are higher than those prevalent in the City, there are national retailers that target moderate- to low-income households. There are also national retailers that cater primarily to African-American customers

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and could likely be attracted to Gary. Additionally, local, independent retailers who can serve the unmet demand in the retail categories showing leakage by customizing merchandise and pricing based on local preferences could be successful. These are likely to be smaller-scale, neighborhood-serving retailers.

Table 9.3: Total Retail Sales, Retail Potential and Leakage in Gary

Industry Group	Retail Sales	Demand Potential	Retail Gap
Motor Vehicle & Parts Dealers (NAICS 441)	\$136,289,667	\$161,630,049	\$25,340,382
Automobile Dealers (NAICS 4411)	\$128,739,972	\$141,939,239	\$13,199,267
Other Motor Vehicle Dealers (NAICS 4412)	\$0	\$10,676,600	\$10,676,600
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$7,549,695	\$9,014,210	\$1,464,515
Furniture & Home Furnishings Stores (NAICS 442)	\$5,525,173	\$20,193,366	\$14,668,193
Furniture Stores (NAICS 4421)	\$3,366,737	\$14,721,695	\$11,354,958
Home Furnishings Stores (NAICS 4422)	\$2,158,436	\$5,471,671	\$3,313,235
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$3,671,347	\$15,687,579	\$12,016,232
Bldg Materials, Garden Equip. & Supply Stores (NAICS 444)	\$20,490,775	\$21,184,466	\$693,691
Building Material and Supplies Dealers (NAICS 4441)	\$19,862,423	\$19,252,050	-\$610,373
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$628,352	\$1,932,416	\$1,304,064
Food & Beverage Stores (NAICS 445)	\$63,036,160	\$109,273,727	\$46,237,567
Grocery Stores (NAICS 4451)	\$40,032,675	\$98,669,814	\$58,637,139
Specialty Food Stores (NAICS 4452)	\$1,610,380	\$2,330,861	\$720,481
Beer, Wine, and Liquor Stores (NAICS 4453)	\$21,393,105	\$8,273,052	-\$13,120,053
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$52,737,256	\$33,411,211	-\$19,326,045
Gasoline Stations (NAICS 447/4471)	\$282,011,042	\$87,142,337	-\$194,868,705
Clothing and Clothing Accessories Stores (NAICS 448)	\$31,376,505	\$27,958,259	-\$3,418,246
Clothing Stores (NAICS 4481)	\$26,411,251	\$19,770,824	-\$6,640,427
Shoe Stores (NAICS 4482)	\$3,915,495	\$5,438,219	\$1,522,724
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$1,049,759	\$2,749,216	\$1,699,457
Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)	\$4,969,033	\$7,733,062	\$2,764,029
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)	\$1,958,610	\$4,336,519	\$2,377,909
Book, Periodical, and Music Stores (NAICS 4512)	\$3,010,423	\$3,396,543	\$386,120
General Merchandise Stores (NAICS 452)	\$73,553,965	\$105,578,231	\$32,024,266
Department Stores Excluding Leased Depts.(NAICS 4521)	\$21,883,044	\$67,757,890	\$45,874,846
Other General Merchandise Stores (NAICS 4529)	\$51,670,921	\$37,820,341	-\$13,850,580
Miscellaneous Store Retailers (NAICS 453)	\$5,737,563	\$11,891,552	\$6,153,989
Florists (NAICS 4531)	\$1,810,441	\$1,652,625	-\$157,816
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$1,954,542	\$4,084,534	\$2,129,992
Used Merchandise Stores (NAICS 4533)	\$51,877	\$970,685	\$918,808
Other Miscellaneous Store Retailers (NAICS 4539)	\$1,920,703	\$5,183,708	\$3,263,005
Food Services & Drinking Places (NAICS 722)	\$37,993,383	\$94,609,522	\$56,616,139
Full-Service Restaurants (NAICS 7221)	\$2,675,637	\$47,189,268	\$44,513,631
Limited-Service Eating Places (NAICS 7222)	\$25,220,848	\$36,504,447	\$11,283,599
Special Food Services (NAICS 7223)	\$5,199,786	\$7,138,951	\$1,939,165
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$4,897,112	\$3,776,856	-\$1,120,256

Source: ESRI and S. B. Friedman & Company

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Based on the retail leakage analysis, a review of the demographic characteristics in Gary, the existing retail supply in the region, and the typical requirements of national retailers, specific retail categories that have market potential in the City of Gary were identified. Both smaller format retailers of 5,000 square feet or less with a neighborhood/convenience function and larger retailers in excess of 10,000 square feet that would anchor community-scale shopping centers were analyzed. The key retail opportunities for each retailing format are as follows:

Neighborhood scale:

- Furniture/home furnishings stores
- Smaller format independent electronics and appliance stores
- Full-service restaurants (both fast casual and dine-in restaurants)
- Stationary and gift stores
- Independent music and bookstores

Community scale:

- Full-service grocery stores such as Food 4 Less
- Discount department stores such as Wal-Mart
- Home furnishings stores that target African-American customers such as Homegoods
- Shoe stores including independent stores and additional stores of Payless Shoes and Footlocker
- Apparel stores that target African-American customers such as Simply Fashions
- Hobby/Art and Craft Stores such as Hobby Lobby and Michael's Arts and Crafts
- Family entertainment that includes bowling, arcade, and billiards

Based on the retail opportunities identified above, up to two new community-scale shopping centers were studied further for location in Gary. Such centers are between 100,000 and 250,000 square feet in size, typically anchored by a full-service grocery store, and contain inline tenants such as food, drugs, and personal services stores. Larger community centers at the higher end of the square foot range could include a discount department store anchor. These centers could be a redevelopment/reuse of existing vacant commercial property such as the County Market site or new developments.

Attracting key anchors such as grocery stores or general merchandise stores is critical to the success of new community retail centers. Once key anchors are attracted it is much easier to attract other tenants to a potential new center. Once retailers find sites that are suitable for a new store in terms of physical requirements, they also review whether there is sufficient spending potential relative to the competition so as to achieve higher-than-average sales. Many retailers review their proprietary customer data as well as competitive supply conditions to predict the sales at potential sites. While customer data for specific retailers is not available, sales for key retail anchor uses can be estimated based on a gravity model technique. Therefore, a gravity model analysis was conducted to test the market feasibility of attracting anchors and then the balance of other shopping centers.

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Gravity Model Analysis

Gravity modeling for retail location analysis involves spatial analysis to predict the customer patronage at potential new stores and to forecast the sales at these stores based on several factors including travel times, location/size of market competitors, and the spatial distribution of income of existing and projected households and spending patterns. This analysis synthesizes the retail competitive supply with consumer demographics and retail spending potential at a specific location to evaluate whether the particular store category would be feasible.

As previously indicated, the local need for groceries and general merchandise is fulfilled either locally in small-scale regional/local food stores and dollar stores that have a limited range of goods or in large-format national retailers that require travel to suburban communities. In order to test whether the City could curtail the export of retail dollars and support a full-service grocery store and a discount department/general merchandise store, a gravity model analysis was conducted.

The analysis was performed using ESRI's Business Analyst software for a full-service grocery store such as a Food 4 Less and a big box discount department store such as Wal-Mart. These are the store categories that are likely to anchor potential new community centers in Gary.

The gravity modeling analysis was carried out for the following two sites in the City:

- The former County Market site near the I-80 and Grant Street interchange
- The vacant/underutilized site east of the Lake Street and U.S. Route 12 intersection

The analysis requires a delineation of market areas for each store type being analyzed and the determination of the appropriate competitive stores for that store category.

Both sites have good visibility, high traffic counts, and can physically accommodate a full-service grocery store of about 60,000 square feet and/or a big box discount department store of 100,000 to 200,000 square feet. The market area for a grocery store was determined to be, approximately, a seven-minute drive time based on the location of competing grocery stores. Because a discount department/general merchandise store typically has a larger drawing power, a 10-minute drive time was used to delineate the market area. Figures 9.9-9.12 illustrate the market areas from the two sites to the competitive stores and the probabilities of patronage of the stores from block groups within the market areas.

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Modeling Results: The results of the gravity modeling analysis shown in Table 9.4 indicate that a discount department store (such as Wal-Mart) can be supported at *either* site (but not at both) and achieve higher sales than the top 10 percent of discount department stores in the Midwest. Additionally, grocery stores can be supported at *both* sites and achieve higher sales than the median sales for groceries in the Midwest.

At the County Market site a relatively larger format discount department store with a grocery component of approximately 200,000 square feet in total can be supported. Alternatively, a full-service grocery store of approximately 60,000 square feet could be co-located with a 120,000-square-foot general merchandise store.

At the Lake Street/Route 12 site a smaller discount department store of 120,000 square feet can be supported. Additionally, a mid-size grocery store of approximately 50,000 square feet could be supported. It is important to note that the discount department store is supportable in only one of the two sites.

Table 9.4: Gravity Model Analysis Results

Potential Sites	Options	Predicted Annual Sales	Potential Store Size	Sales / PSF	Benchmark Sales/PSF[2]	
					Median	Upper Decile
CT Site Area	<u>Option 1:</u> General Merchandise with Grocery [1]	\$88,000,000	200,000	\$475	\$173	\$306
	<u>Option 2:</u> General Merchandise [1]	\$53,000,000	140,000	\$379	\$173	\$306
	Full Service Grocery Store	\$35,000,000	60,000	\$583	\$391	\$645
	Total Sales	\$88,000,000	200,000	\$440		
Lake/RT12 Area Site	General Merchandise [1]	\$48,000,000	120,000	\$400	\$173	\$306
	Mid-size Grocery Store	\$28,000,000	50,000	\$560	\$391	\$645

[1] Assumes only one discount department store at either County Market Site or Lake/Rt 12 Site

[2] All Midwest Stores Survey by Urban Land Institute in 2006

Source: ESRI, Dollars and Cents of Shopping Centers 2006 - Urban Land Institute, S. B. Friedman & Company

Reshaping Gary's Commercial Districts

Within each of the City's commercial districts, there is a range of viable shops, restaurants, and services that serve as the "core" shopping cluster. Generally within this core, the storefronts and buildings are in good physical condition; there is visible pedestrian and customer activity and less vacancy. However, according to the most recent zoning maps for the City, the areas zoned for commercial use extend well beyond the viable core blocks. There is approximately 5.2 million square feet dedicated to ground level commercial/retail use in the primary retail districts. However, approximately 3 million square feet, or 58 percent, is active commercial space (excluding public/institutional uses and vacant properties). The disparity between commercial zoning and active commercial use is apparent in the distribution of land uses throughout the zones.

Within the secondary commercial districts, this disparity is greater as the commercial uses are more scattered and interrupted by other land uses and vacancy is more prevalent. Opportunities may exist to consolidate commercial uses within the healthier cores of the primary commercial districts as a method to create a critical mass of businesses and thereby increase activity in the main shopping clusters. Generally this would suggest reserving commercial zoning for the core commercial areas and allowing residential or mixed uses in areas that do not have a strong commercial presence.

For the purpose of creating better-defined and more active shopping clusters, suggested consolidation boundaries within each of the primary commercial districts were created. The boundaries are not intended to imply that all retail outside is unhealthy, but rather to suggest that consolidation would create a more solid critical mass of activity and better synergy among uses that could increase shopping activity. The suggested consolidated boundaries are shown earlier in Figures 9.2 through 9.7 and discussed further below.

Broadway and Fifth Avenues in Downtown: Broadway and Fifth Avenue form the heart of Gary's historic Downtown. The twin civic buildings of City Hall and the Lake County Superior Court anchor the northern end of Broadway along with the Indiana Department of Family and Social Services, the Genesis Center, a sports complex, and the Metro Center South Shore Line train station. These institutional uses have the potential to be synergistic with future redevelopment in this area. The downtowns of many cities around the nation have experienced a renaissance through mixed-use development that includes both residential and commercial uses. The existing train station presents an opportunity to create a transit-oriented, mixed-use development pattern in Downtown Gary. Residential uses stacked above or adjacent to ground level commercial can be incorporated in rehabilitated historic buildings and new developments to create a mixed-use environment. Such mixed-use redevelopment is proposed for the former Sheraton Hotel just south of City Hall.

Broadway has several vacant and open buildings that may have the potential to be rehabilitated to attract professional office users such as lawyers, architects/engineers, and accountants and office support services such as printing and copying services and mail packaging services (FedEx Kinko's or UPS stores).

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The area around the U.S. Steel Yard Baseball Stadium along Fifth Avenue has the potential to become an active entertainment district for the City. Attached to the stadium is the largest Bennigan's restaurant in the nation, and two additional new restaurants are currently planned for development across the street. This level of activity suggests that there is potential to capitalize on the development momentum and expand the range of commercial uses in this node. New uses could include coffee shops and additional restaurants. A family entertainment use that offers bowling, billiards and other gaming activities is likely to be synergistic with the existing uses in this area and further enhance the drawing power of Downtown. City staff has also indicated that the City owns a critical mass of land in this area. The City could proactively attract new development on this land to facilitate the enhancement of the entertainment district Downtown.

Sections of Broadway : The suggested consolidation areas along Broadway south of the Downtown include:

- *Between 11th and 20th Avenues* – Currently, north of I-80, this section has the healthiest commercial development and the lowest vacancies in the corridor. The existing neighborhood/convenience function of the corridor and the relatively shallow lot depths indicate opportunities for smaller-scale retail. Potential retailers include the neighborhood-scale retail potential presented earlier in Section 9.
- *Between 31st and 36th Avenues* – This section, located along Indiana University Northwest, could leverage the activity generated by the university. Retail uses that serve students, faculty, and staff, such as restaurants, coffee shops, printing and copying, sports bars, music and book stores, are likely to be successful here.
- *Between 48th and 53rd Avenues* – This section benefits from its proximity to the existing strong retail to the south in Merrillville. Similar to other sections on Broadway, this area has the potential to attract neighborhood-scale retail.

U.S. 20 & Lake St: Because of its location within the affluent Miller neighborhood and its pedestrian-friendly, “Main Street” character, Lake Street has the potential to attract specialty retail such as antique and gift stores. It could also support convenience uses such as dry cleaners and hair salons, which would draw customers from the local neighborhood and commuter traffic. In contrast, U.S. 20 is a high traffic arterial roadway. Gravity modeling analysis suggests that large retailers such as a mid-size grocery or a discount department store could be supported along the corridor. The underutilized sites near the Lake Street and U.S. 20 intersection are potential redevelopment sites for such uses because of their high visibility and access.

Grant Street: The Grant Street corridor is the strongest retail corridor in the City. To maintain its vibrancy and further enhance its drawing power, the City should consider pursuing larger-scale, auto-oriented retail uses along the corridor. The priority redevelopment sites are the vacant County Market site north of I-80 and the former auto dealership facility south of I-80. The County Market site has the potential to attract a discount department store and/or a full-service grocery store along with inline retail. The Grant Avenue commercial district could attract home furnishing, apparel, and accessories, as well as arts and craft stores as junior anchors in larger shopping centers (such as The Village) or in smaller neighborhood strip centers.

Industrial & Business

Existing Industrial/Business Uses in Gary

As a legacy of the City's long industrial history, approximately 37 percent of Gary's land area is devoted to industrial uses. Figure 9.13 shows the distribution of industrial land uses in the City. As shown in Figure 9.13, the vast majority of industrial land is located in the northern half of the city. Intensive industrial facilities dominate much of the land between Lake Michigan and the Indiana Toll Road (I-90). There are also major concentrations of industrial areas near the I-65/I-90 interchange and along the western edge of the City adjacent to Route 912 (Cline Avenue). These major industrial areas are discussed below:

Industrial between Lake Michigan and I-90

Some of the major industrial uses in this area are as follows:

Gary Works is U. S. Steel's largest manufacturing plant and is also the largest employer in Gary. Situated on approximately 3,000 acres on the south shore of Lake Michigan, Gary Works represents the older, heavy industrial uses in Gary. Comprised of both steelmaking and finishing facilities, Gary Works is one of five integrated steelmaking facilities U. S. Steel operates in the United States. Sheet products, hot strip mill plate products, and tin products are manufactured here for customers in the automotive, metal building components, home construction appliance, and food and beverage manufacturing markets.

Carmeuse Lime Buffington Operation is located west of U.S. Steel's Gary Works and is a lime mining operation on over 750 acres of land. It develops specific lime-based materials for the requirements of individual steel plants.

Kirk Yard is a rail yard for the EJ&E Railroad located south of Gary Works. Currently, EJ&E has 198 miles of railroad that run from Waukegan, Illinois to Gary through the Chicago suburbs. In September 2007, Canadian National (CN) Railroad announced plans to purchase EJ&E and make the Kirk Yard site one of its two major U.S. hubs. As a part of this plan, CN is expected to invest \$100 million in upgrading the railway, including improvements to Kirk Yard. This could potentially attract additional investment, business, and jobs to Gary. The proposed sale is dependent on federal government approval. A decision is expected in 2008.

Great Lakes Industrial Center is a 1.1 million-square-foot heavy industrial crane facility – located east of the Tennessee and Mason Street intersection – that is occupied primarily by steel processing companies. The facility features high-powered cranes with more than a 30-ton capacity each, rail access into the building, and a large area for tractor-trailer storage and truck scales. CenterPoint Properties recently sold the property to Minneapolis-based Welsh Investments for \$19.1 million, or approximately \$17.50 per square foot.

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Industrial near I-90/I-65 Interchange

This industrial cluster is located between Central Avenue and U.S. 12/20 near the I-90/I-65 interchange. Due to its excellent highway access, this area has attracted several trucking, warehousing, distribution, and logistics firms. East of the interchange, a significant amount of land area is dedicated to facilities for Northern Indiana Public Service Company (NIPSCO), a natural gas and electricity utility company. Farther east, south of I-90, is the Eastside Industrial 1 property, which is a greenfield site that represents a significant opportunity for new industrial development. The area west of the interchange includes several industrial uses and the Midwest Center for Industry. The approximately 70-acre Midwest Center for Industry (MCFI) is a business park that includes Beaver & Company, Cummins Parts & Services, and Stavelly Lakeshore Truck Services. It has remaining vacant land that could be developed with one or more industrial uses. The MCFI is located in a TIF district, which could potentially provide incentives for future development in the area.

Route 912 Industrial

Industrial uses along Route 912 (Cline Avenue) extend from I-90 on the north to 21st street in the south. This area is easily accessible to major highways, rail lines, and the airport. The 470-acre area – bounded by Route 912 (Cline Avenue) in the west, Fairbanks Street in the east, Fifth Avenue in the north, and 15th Avenue in the south – is the Route 912 Industrial Park, one of the newer industrial areas in the City. Transportation and logistics companies (such as Schneider National), auto/waste recycling businesses, and junkyards (such as Rick's Auto Salvage and Rides Salvage) currently make up the existing uses at the site. The industrial park also contains a large landfill and a former sand mine. Although natural areas or buffers exist between most of the industrial uses and residential uses, some industrial sites are directly adjacent to residential uses, such as on 21st Street between Cline and Railroad, and north and east of the landfill.

Approximately 35 percent of the industrial park is wetlands and dune/swale complexes, and is therefore not developable. However, a significant portion of the industrial park is also either vacant or underutilized, and represents an opportunity for future development. This area was the focus of an industrial park master plan in 2001. The master plan indicated that this site has the potential to become an Eco-Industrial Park because of the existence of industrial uses along with wetlands and other environmental attributes. An Eco-Industrial Park is concerned holistically with development, operations, and the environment, looking further to the goal of making the site sustainable and efficient. A federal Superfund site to clean up industrial contamination is also located in the industrial corridor along Route 912.

Regional Employment and Industrial Trends

Similar to other large industrial centers, Gary has experienced a decline in jobs and population as manufacturing has declined nationwide. Heavy industry still remains the largest employer in Gary; U.S. Steel has approximately 6,800 employees. Besides U.S. Steel, Gary's major industrial uses include a water company and an engine and power generator distributor.

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While Gary's industrial market has its own unique set of characteristics, it is also an integral part of the larger Northwest Indiana region, consisting of Lake and Porter Counties. Lake and Porter Counties have substantial industry specialization in primary metal manufacturing (steel), petroleum manufacturing, gambling, truck transportation, utilities, and waste management/remediation. Although globalization and technological improvements have resulted in substantial job losses in the steel sector in recent years, Moody's, a national economic data provider, estimates that primary metal manufacturing continues to provide more than 17,900 jobs – over 50 percent of the total manufacturing employment – in Lake and Porter counties. In addition, the steel sector supports thousands of indirect jobs by purchasing goods and services from companies in the region.

The Northwest Indiana industrial area is a part of the larger Interstate 80 industrial corridor, which passes through Will, Cook, Lake, and Porter Counties in the Chicago Metropolitan Area and Northwest Indiana. The I-80 corridor has evolved into one of the most active areas for industrial development in the country. InfoUSA, a national company that tracks businesses, estimates that approximately 2,600 manufacturing and warehouse/distribution-related companies employ nearly 50,000 employees within three miles north and south of the I-80 corridor between Joliet, Illinois and Portage, Indiana.

The key strategic advantages that have led to a concentration of industrial/distribution uses along this corridor include the proximity to the Chicago region, the central location in the nation, and the excellent highway and freight transportation access. Because of the centralized location, industrial/distribution centers in this area can access major national markets such as New York City, Denver, and New Orleans within two days by truck. The Chicago Metro Area is the largest hub of freight transportation in the country, accounting for one-third of the nation's freight rail traffic. Several interstate highways also converge in this metro area, linking it to all parts of the country.

Large-scale, master-planned industrial parks such as the 1,100-acre CenterPoint Intermodal Center at Elwood in Will County and the 325-acre LogistiCenter™ at Sauk Village in Cook County are under development along the I-80 corridor. In Northwest Indiana in Lake and Porter Counties, two new master-planned, mixed-use business parks are under development: the Ameriplex at the Crossroads in Merrillville and the Ameriplex at the Port in Portage. Both parks are approximately 385 acres each and can accommodate office, warehouse, and high-tech manufacturing uses. With the rail and interstate highways converging in Gary, the City has the potential to leverage these assets and attract similar new business park development.

Business Climate

Northwest Indiana offers a low business cost compared to Illinois counties in the Chicago Metro Area because of its lower property taxes and wages. Additionally, several tax and financial incentives are available in Northwest Indiana to attract businesses and industries to the region. Specifically, the Gary-East Chicago-Hammond (GECH) Empowerment Zone and the

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Gary/Chicago International Airport Development Zone offer incentives including employment tax credits, investment cost credits, wage tax credits, and individual wage exemption.

Historically in Indiana, an inventory tax acted as a disincentive to attract businesses that needed to maintain large inventories of goods. The recent elimination of this inventory tax in the state greatly improves the region's ability to retain and attract businesses within the transportation/distribution/logistics and wholesale trade and energy and manufacturing clusters. Furthermore, there are potential opportunities to attract businesses that purchase from or supply goods or services to the steel and petroleum sectors that already have a strong presence in Northwest Indiana.

Businesses located within the GECH Empowerment Zone were already exempt from the inventory tax prior to its statewide cancellation. As more investors and developers are attracted to Indiana in general, some may be drawn to the additional benefits of being located in the GECH Empowerment Zone.

Future Demand

To test the future market potential for industrial uses in the Gary area, an analysis of industrial/flex space along the I-80 corridor was conducted. The analysis area extends three miles north and south of the I-80 corridor between Joliet, Illinois and Portage, Indiana. The occupancy and absorption of industrial space was compiled along the I-80 corridor between 2004 and 3rd quarter 2007 using data from Costar (a provider of commercial real estate data).

As shown in Table 9.5, there is over 93 million square feet of occupied industrial/flex space along the I-80 corridor. Approximately 14 million, or nearly 16 percent, of the overall industrial/flex space is located in Lake County, Indiana. On average over 1.5 million square feet of space was absorbed annually between 2004 and 2007 along the corridor. Lake County's capture of the regional absorption ranged from six percent to 15 percent between 2004 and 2006. Lake County has experienced negative absorption from the onset of 2007 to the date of research.

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Table 9.5: Occupancy & Absorption of Industrial Space

	Occupied Industrial and Flex Space [1]			Absorption of Industrial and Flex Space [1]		
	I-80 Corridor	Lake County	Lake County Share	I-80 Corridor	Lake County	Lake County Share
2004	89,262,959	14,146,289	15.8%	767,416	45,750	6.0%
2005	90,116,383	14,339,560	15.9%	1,572,520	232,947	14.8%
2006	92,212,198	14,511,233	15.7%	2,452,684	165,473	6.7%
2007 YTD	93,172,343	14,381,398	15.4%	1,311,136	(180,689)	-13.8%
	Average Annual Absorption 2004-2007 YTD			1,525,939	65,870	4.3%
	Average Annual Absorption 2004-2006			1,597,540	148,057	9.3%

Source: Costar and S. B. Friedman & Company

Future absorption of industrial space is driven by a combination of overall economic growth and modernization resulting from changes in technology and other factors. For example, as factories become more automated, they can increase their total value added or goods produced with fewer employees. Therefore, new technology and new machinery can result in an increase in demand for industrial space even when employment growth is slowing. Because the demand for space is more directly related to gross product than employment, the methodology used to project future demand for business/industrial land involves using estimates of future regional product and estimates of acres occupied per unit of gross product.

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Table 9.6: Historical Gross Regional Product Per Square Foot

	Historical GRP of Counties along I-80 Corridor[1]	Occupied Industrial/Flex Space Along I- 80 Corridor[1]	GRP Per Square Foot	Annual Change in GRP Per Square Foot
2004	\$261,260,316,000	89,262,959	2,927	
2005	\$264,029,604,000	90,116,383	2,930	0.1%
2006	\$271,334,884,000	92,212,198	2,943	0.4%
2007	\$275,965,213,000	93,172,343	2,962	0.7%
CAGR[2] 2004 - 2007	1.84%	1.44%	0.40%	

[1] Includes Will (IL), Cook (IL), Lake (IN,) and Porter (IN) Counties

[2] CAGR = Compounded Annual Growth Rate

Source: *Moody's Economy.com*, Costar, and S. B. Friedman & Company

The Gross Regional Product (GRP), or the total value added in terms of goods and services produced in the region, of the counties along the I-80 corridor was used to estimate the historical performance of industrial and business growth in the corridor between 2004 and 2007 (the period for which supply data was available from Costar). During this time frame the compound annual growth rate for the GRP in the region was 1.8%. The growth of total occupied industrial and flex space in this time frame was approximately 1.4%, indicating that the overall economy grew at a pace faster than the growth in industrial space along the corridor. This fact resulted in an increase in GRP per acre at a rate of 0.4% a year. This growth trend in GRP per acre is expected to continue during the next decade and this assumption is incorporated into the estimate of future demand for business/industrial sites.

The future demand for industrial land along the entire I-80 corridor was estimated by applying Moody's projections for future GRP for the counties along the corridor to the projected number of acres occupied per unit of GRP. Finally, the Lake County demand was estimated based on two scenarios of capture of the regional I-80 corridor growth. The "low capture" scenario assumed that Lake County would capture 10% of the regional growth, or the mid-range of the historical capture in Lake County, between 2004 and 2006 (Table 9.8). However, with the recent elimination of the inventory tax and proactive efforts by municipalities in Lake County, including Gary, to assemble and prepare land for industrial development, Lake County is poised to attract new industrial and business growth, possibly surpassing historical trends. Therefore, the "high capture" scenario assumed that Lake County would capture 20% of the regional growth, reflecting a modest increase from historical capture rates. As shown in Table 9.8, based on the two capture scenarios it was estimated that Lake County has the potential to absorb 3.4 to 6.7 million square feet of new industrial space over the next 20 years. At a floor area ratio (FAR)

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of 0.2, the typical FAR of modern business parks, this translates to a need of approximately 390 to 780 gross acres of industrial business land over the next 20 years.

An additional source of demand is likely to come from the need to replace or redevelop older or obsolete industrial facilities along the corridor. Older industrial facilities currently serving the region do not provide high-quality design, attractive signage, or modern infrastructure. If the City of Gary is able to assemble adequate land suitable to develop modern business parks, it may be in a position to capture its fair share of new industrial development – as well as demand – from the need to replace obsolete facilities.

Table 9.7: Projected Industrial/Flex Space along I-80 Corridor

	Projected GDP of Counties along I-80 Corridor (Moody's)	Projected GDP Per Square Foot [1]	Forecast of Occupied Industrial/Flex Space
2007	\$ 275,965,213,000	2,962	93,172,343
2012	\$ 307,959,908,000	3,021	101,933,812
2017	\$ 338,085,205,000	3,082	109,708,849
2022	\$ 365,816,143,000	3,143	116,377,700
2027	\$ 394,764,709,000	3,206	123,122,275
Projected Absorption 2007-2017			16,536,506
Projected Absorption 2007-2027			29,949,932

[1] GDP per Square Foot is projected to grow at approximately 0.4% per year

Source: Moody's Economy.com, Costar and S. B. Friedman & Company

Table 9.8: Projected New Industrial Land Demand in Lake County

Projected Industrial and Flex Space Absorption 2007-2027 along I-80 Corridor	29,949,932	
Vacancy Allowance (historical average in corridor)	12.5%	
Total New Industrial and Flex Space Needed to Meet Demand	33,693,674	
Projected Capture Rate of Lake County (Low-High)	10%	20%
Projected Industrial and Flex Space Demand in Lake County	3,369,367	6,738,735
Floor Area Ratio for Modern Business Parks	0.2	0.2
Gross Land Area Needed to meet Future Demand over next 20 years (Acres)	390	780

Source: Moody's Economy.com, Costar and S. B. Friedman & Company

Characteristics of a Successful Regional Business Park

To capture this demand potential, Gary will need to develop a large modern business park. Such a business park can position Gary so that it can successfully retain local businesses as they grow and also attract new businesses to the City. To do so, the new business park must be competitive with the high amenity parks being developed across the country and meet the needs of the businesses the region hopes to attract. There are a number of critical site criteria that companies and corporate decision-makers consider when looking for sites to suit their needs. To help identify sites in Gary that could attract advanced manufacturing, distribution/e-commerce fulfillment centers, and multi-tenant business and technology parks, the following “shovel-ready” criteria were developed.

Shovel-ready Criteria

- *Acreage:* Developable acreage to accommodate the needs of the company with potential adjacent acreage for expansion
 - Advanced manufacturing: 25 developable, contiguous acres
 - Distribution, warehousing, e-commerce: 50 developable, contiguous acres
 - Multi-tenant business and technology facilities: 40 developable, contiguous acres
- *Appropriate Zoning:* Appropriate zoning or letter of commitment to rezone the property
- *Shape of Parcels:* Rectangular shaped sites are preferred
- *Ownership:* Sites should be under single ownership; assemblage can cause delays and present other issues
- *Highway Visibility and Access:* Excellent visibility and access from an Interstate/major roadway (Highways 41, 10, or 441)
- *Access to Multiple Transportation Modes:* Proximity to hub or regional airport with connecting service (rail and water access, if necessary; site should be within one hour of a major airport)
- *Surrounding Uses:* Attractive and compatible to potential user
- *Floodplain:* Developable acres outside 100-year FEMA flood plain designation
- *Topography:* Little elevation change; less than 2% preferred
- *Infrastructure:* Utilities (electricity, water, wastewater, natural gas) properly sized and with adequate system capacities to meet the needs of the project, or must provide evidence of the ability to upgrade services within three to six months; high-speed Internet access, T-1 level of service, and/or fiber optics

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- *Environmental Characteristics:* Free of wetlands, protected species, and environmental issues, or have mitigation plans in place that can be enacted in 90 days; a Phase 1 environmental study should be completed and available
- *Image of the Area:* Attractive to customers and relocators and compatible with future use on the site
- *Purchase Conditions:* Competitive price; fee-simple title
- *Expansion:* Meets current business needs and provides contiguous acreage to accommodate future expansion needs

Business Park Amenities

In addition to the shovel-ready criteria listed above, modern business parks, like those which are sought by companies in the recommended target industry clusters, generally include several of the following amenities:

- Design Guidelines
- Codes, covenants, and restrictions
- Walking paths and jogging trails
- Green space, landscaping, attractive lighting, and signage
- Incubator
- Health clubs/athletic facilities
- Retail, restaurants, and service establishments

Target Industries with Growth Prospects

The “Economic Future Study,” prepared for the GECH Empowerment Zone, identified potential opportunities to attract new businesses that supply or purchase goods from sectors with a strong local presence, such as the iron and steel industries and the energy-related industries. The study also assessed opportunities to attract high-growth sectors that may be a good match for the region’s workforce, infrastructure, and other assets but are currently underrepresented in the region. Based on these factors the “Economic Future Study” recommends nine clusters that may present opportunities for generating economic growth in the region:

- Transportation/Distribution/Logistics and Wholesale Trade
- Advanced Energy/Traditional Energy Technologies
- Manufacturing/Advanced Manufacturing (including adding value to locally produced steel)
- Environmental Remediation and Waste Management (including waste treatment and disposal)
- Professional Services (including legal, architecture, engineering, management and technical consulting, and specialized design)
- Construction and Specialty Trade Contractors

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- Information Technology (including computer systems design, web-based services, software development, and training)
- Healthcare
- Gambling and Tourism

Future Development Opportunities

The specific types of future industrial development that may be expected in Gary are described below. Figure 9.14 and Table 9.9 show the vacant/underutilized sites in Gary that could support such industrial development.

Modern General Purpose Business Park

Potential tenants of a general purpose business park can include transportation, distribution, and logistics firms and businesses that supply or purchase goods and services from the steel sector. With the recent elimination of the inventory tax, Gary is well positioned to capture future growth in these sectors due to the presence of two Class 1 rail carriers, an extensive highway system, the Port of Indiana-Burns Harbor, the Gary/Chicago International Airport, a central location in the country, and proximity to Chicago's substantial consumer market. Such a park should have good visibility, access from an interstate or a major roadway, and should be designed to meet as many of the shovel-ready criteria as possible. Potential sites in Gary that could accommodate this concept include the Route 912 Industrial Park and developable areas near the I-90/I-65 interchange, including Eastside Industrial 1.

Airport-Related Business Park

The \$59 million dollar improvement project for the Gary/Chicago International Airport – which includes a runway expansion – will allow 757s and 737s to land at full capacity, greatly improving the airport's ability to handle both cargo and passenger traffic. The expanded airport will be able to increase the movement of goods, thereby creating an opportunity for growth of air-transport-related businesses within Gary. Vacant and underutilized parcels along the State Route 912/Cline Avenue corridor could be acquired and assembled by the City to create a new business park, accommodating airport-related and other businesses. This corridor is within the State-approved Gary/Chicago International Airport Development Zone, which allows it tax benefits and revenues for infrastructure development.

Intermodal Facility

With its central location in the country and excellent rail, water, air, and roadway transportation network, Northwest Indiana offers an excellent location for developing an intermodal facility serving the region. Intermodal facilities are land intensive, and typically 500 to 1000+ acres is preferred. If the sale of the EJ&E to Canadian National is approved, and Canadian National decides to make the Kirk Yard site a major U.S. hub, there may be potential for such a facility in Gary.

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Supplier Park

A supplier park could consist of professional service and light industrial businesses that provide goods and services to the steel and petroleum firms in Lake County. Local representatives of the steel and petroleum firms in the region have indicated that they regularly contract with vendors and suppliers for a wide range of services to support their operations, including accounting, engineering, architecture, security, construction, electrical, and sewer cleaning. A new, modern, multi-tenant business park could provide facilities that meet the physical and locational requirements of such businesses. Other sites with significant concentration of rail and highway access could also be explored in Gary.

Professional Service Office Center

While accountants, engineers, architects, and other professionals providing services to the local industrial base could be accommodated in a new business park, these businesses could also be placed in a small office center located in a commercial district. Such an office center could offer shared meeting space, photocopiers, printers, and other business support services to decrease overhead costs for start-up companies and other small businesses. Downtown Gary between Fifth Avenue and Ninth Avenue may be well positioned to serve as a center for professional services because of the presence of a transit station near Fourth Avenue and Broadway and the proximity to U.S. Steel and the developing restaurant cluster near the baseball stadium.

Eco-Industrial Facilities/Park

The steel industry, refineries, and other major industrial uses in the region generate a significant waste stream that is the by-product of their industrial processes. Eco-industrial networking presents the opportunity to transform these by-products into something useable. For example, companies that produce chemical by-products may be able to attract users to the region who would be interested in reusing their “wastes.” To attract such users, private and public sectors within the region will need to work together to create a strategic plan for reuse of by-products. The size of the site or the facility will vary depending upon the end user. In some cases, a 50,000-square-foot facility can suffice; other waste remediation processes may require 10 or more acres. Some waste handlers will require rail access; most will require good highway access. The Route 912 Industrial Park would be a strong candidate for eco-industrial development due to its environmental features, size, and excellent access to transportation.

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Table 9.9: Development Opportunity Sites in Gary

MAP ID	Name	Location	Approximate Land Area (Acres)
1	Route 912 Industrial Park	Rte. 912 (Cline Ave) to EJ&E Railroad, North of 9th Ave.	470
2	Eastside Industrial 1 & 2	15th & I-65	220
3	Midwest Center for Industry	South of I-20 & I-65/I-90	70
4	Kirk Yard	South of U.S. Steel Site	NA
5	U.S. 20 Near Lake St	U.S. 20 Near Lake St	14
6	Interstate Inn	Rte. 20 & I-65 & I-90 (east of Expressway)	22
7	Rte. 20/Fifth Ave. at Clark Road (east) both sides of street	Rte. 20/Fifth Ave. at Clark Road (east) both sides of street	50

Source: S. B. Friedman & Company

Residential

Housing is a vital part of any community. While the City of Gary must retain and create new jobs in diverse industries in order to build up its community, it must also provide a variety of quality housing options. By providing safe, healthy, and attractive residential choices, the City can slow population decline and also attract new residents.

Existing Housing Profile

Gary is comprised of twelve neighborhoods. Figure 9.16 shows the distribution of residential uses by neighborhood. Specific physical and land use characteristics of each neighborhood are discussed in detail in Section 10. General housing attributes for the City and its neighborhoods are discussed below.

Occupancy and Tenure

Table 9.10 below shows the total housing stock, occupancy levels, and tenure of occupied housing by neighborhood in year 2000.

SECTION 9: LAND USE & MARKET

Table 9.10: Total Housing Stock and Occupancy, 2000

Neighborhood	Total Housing Units	Occupied Housing Units		Percent Owner-Occupied
		Number	Percent	
Aetna	1,859	1,649	89%	66%
Ambridge Mann	2,618	2,397	92%	49%
Black Oak	1,888	1,670	88%	70%
Brunswick	1,752	1,569	90%	68%
Central	6,216	5,075	82%	45%
Downtown	2,241	1,827	82%	43%
Emerson	1,532	1,185	77%	51%
Miller	4,781	4,280	90%	53%
Pulaski	2,706	2,436	90%	45%
Tolleston	5,772	5,300	92%	67%
University Park	9,822	8,620	88%	58%
Westside	2,328	2,139	92%	55%
City of Gary [1]	43,630	38,244	88%	56%

Source: U.S. Census Bureau and S. B. Friedman & Company

[1] Because there are a few scattered housing units just outside of these core neighborhoods in the airport area the total of housing units in the neighborhoods does not equal the City-wide totals.

In 2000, Gary had a total of 43,630 dwelling units and approximately 88% of all the housing units in Gary were occupied; approximately 56% of the occupied housing units were owner-occupied and the remaining 45% were renter-occupied. This is a lower rate of home ownership than in Lake (69%) and Porter Counties (77%) and the larger Chicago Metropolitan region (65%). The University Park neighborhood, which is located in the far south-central section of the City and is home to Indiana University Northwest, had the highest number of housing units (total and occupied) in 2000. The occupancy rates of all neighborhoods varied from 77% to 92%. While most neighborhoods in Gary had occupancy rates of 80% or higher, the Emerson neighborhood located in the north-central portion of the City had the least number of housing units and the lowest occupancy. The Black Oak neighborhood in the southwest portion of Gary had the greatest percent of owner-occupied households.